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SUBJECT: MEDIA REACTION: DALAI LAMA, U.S.-CHINA TRADE RELATIONS

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Editorial Quotes  
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11. DALAI LAMA

"China's Foreign Ministry spokesperson remarks on planned  
Obama-Dalai meeting"

The official Communist Party People's Daily (Renmin Ribao)  
(02/06)(pg 3): "Chinese Foreign Ministry Spokesperson Ma Zhaoxu  
said, 'China resolutely opposes the visit by the Dalai Lama to the  
United States, and resolutely opposes U.S. leaders having contact  
with the Dalai Lama.' Ma continued to note that such a position [by  
China] is 'constant and clear.' During President Obama's November  
visit to China, Chinese leaders had elaborated on such a stance. We  
urge the U.S. to realize the high sensitivity of Tibet-related  
issues, to seriously treat China's stance and concern, to not permit  
the Dalai Lama's visit and to cease arranging meetings between him  
and U.S. leaders so as to avoid further undermining of China-U.S.  
ties." (Note: Another major official newspaper Guangming Daily also  
published this report.)

12. U.S.-CHINA TRADE RELATIONS

a. "Sino-U.S. 'trade war' is heating up again"

The Shanghai-based Shanghai Media Group (SMG) publication, China  
Business News (Diyi Caijing)(02/08)(pg A1): "The United States  
provoked a trade war again by imposing high anti-dumping duties on  
Chinese-made gift boxes and packaging ribbon. This once again shows  
that 2010 is off to a difficult start for Sino-U.S. relations. It  
also reflects that, because of the mid-term elections, Obama is  
eager to prove to the American voters that the U.S. Administration's  
China policy is tough so as to restore his declining support rate.  
Yao Jian, the Ministry of Commerce spokesperson, issued a statement  
on February 1, saying that following the financial crisis American  
trade protectionism has risen. China has become the biggest victim  
of the U.S.'s abusive implementation of trade remedy measures.  
While the anti-dumping and counter-veiling cases the U.S. is  
imposing against China are relatively small in terms of value for a  
particular industry, however they are related to the food and  
clothing of a lot of people. Ye Hailin, deputy director of the  
Asia-Pacific Institute at Chinese Academy of Social Sciences,  
believes that, apart from other disharmonious factors between China  
and the U.S., Sino-U.S. trade friction in 2010 is very worrisome.  
Although the total volume of trade involved is not very large, it is  
enough to affect the overall Sino-U.S. relationship."

b. "The United States no longer sits still; it frequently uses evil  
tricks to force China to buy U.S. bonds"

The Shanghai-based Shanghai Media Group (SMG) publication, China  
Business News (Diyi Caijing)(02/08)(pg A7): "This time the quick  
change of the U.S. policy (toward China) has surprised quite a few  
people. The U.S. has almost used all deterring means, besides  
military means, against China. China must be clear on discovering

what the U.S. goals are behind its tough stances against China. In fact, a fierce competition between the currencies of big countries has just started. A crucial move for the U.S. is to shift its crisis to other countries - by coercing China to buy U.S. treasury bonds with foreign exchange reserves and doing everything possible to prevent China's foreign reserve from buying gold. The nature of such behavior is a rogue lawyer's behavior of 'ripping off both sides': taking advantage of cross-strait divergences, blackmailing the Taiwan people's wealth by selling arms to Taiwan, and meanwhile coercing China to buy U.S. treasury bonds with foreign exchange reserves and extorting wealth from the mainland's people. If we [China] use all of our foreign exchange reserves to buy U.S. Treasury bonds, then when someday the U.S. Federal Reserve suddenly announces that the original ten old U.S. dollars are now worth only one new U.S. dollar, and the new U.S. dollar is pegged to the gold - we will be dumbfounded. Today when the United States is determined to beggar thy neighbor, shifting its crisis to China, the Chinese must be very clear what the key to victory is. It is by no means to use new foreign exchange reserves to buy U.S. Treasury bonds. The issues of Taiwan, Tibet, Xinjiang, trade and so on are all false tricks, while forcing China to buy U.S. bonds is the U.S.'s real intention."

c. "Sino-U.S. trade friction is escalating but still manageable"

Guangdong 21st Century Publishing Company Ltd.'s business newspaper 21st Century Business Herald (21Shiji Jingji Baodao)(02/08)(pg 1): "On February 5, the Commerce Department reported the primary ruling on anti-dumping investigations on the U.S. chicken products. Although China started the investigation last September, now happens to also be the occasion when President Obama pushed China on RMB appreciation, insisted on arms sales to Taiwan and will meet with

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the Dalai Lama. For its twelfth five-year plan, China will promote governments at all levels to conduct their policy objectives: transformation from 'GDP-oriented only' to 'employment first.' China and the U.S.'s emphasis on 'employment first' at the same time will trigger a fierce collision. Now the appropriate interpretation of trade friction theory is 'productivity change' theory - the ability of a country, whose development is slower than other countries, to learn also produced root causes for severe trade friction and no country will be satisfied with the status of the initial division of labor. As a result, Sino-U.S. 'trade zones in conflict' will become larger and the two will compete with each other for jobs. Unlike Japan, which is politically dependent on the United States, China is independent from the U.S. China will make some changes in enlarging the imports of American products and the RMB appreciation, but only to a limited extent. Despite the enlarging Sino-U.S. 'trade zones in conflict,' the intensity will be lower than during the U.S.-Japan trade conflict. If Obama turns himself into both 'Wall Street's opposition,' and also the 'enemy' of U.S. big business, then the intensity of Sino-U.S. trade conflict will rise. However, if Obama wants to narrow down as far as possible this divide, then the Sino-U.S. trade friction, while formidable, is still manageable."

HUNTSMAN